

Info Sheet 2

Sales Tax Holidays

Theme 3: Fairness in Taxes

Lesson 2: Regressive Taxes

Sales taxes are considered regressive because they tend to take a larger percentage of income from low-income taxpayers than from high-income taxpayers. To make such taxes less regressive, many states exempt basic necessities such as food from the sales tax. Some states have “sales tax holidays” in which no state taxes are charged on certain items for a certain period of time.

Here is how tax holidays are “celebrated” in two states. Notice that both states chose to have their holidays in August, a month when many people take time off from work and a time when people shop for back-to-school items.



We are creating opportunities for our children and their families to embrace technology.

—Former Pennsylvania Governor
Tom Ridge

In 2001, Pennsylvania’s extremely popular “Tax-Free PC” holiday was expanded to “Tax-Free PC Plus.” From August 5 through August 12, shoppers could buy a personal computer for home or school use without paying the state’s 6 percent sales tax and the additional 1 percent tax charged in Philadelphia and several counties. The “Plus” included computer-related devices or Internet access devices, such as WebTV. During the Tax-Free PC Plus days, shipping and handling fees also were tax-free said then-Governor Tom Ridge.

The tax break is expected to save Texas consumers millions in state and local sales taxes.

—Texas comptroller
Carole Keeton Rylander

From August 3 through August 5, 2001, Texas shoppers got a vacation from state and local taxes for the third year in a row. The sales tax holiday exempted most clothing and footwear under \$100 from taxes, saving shoppers about \$8 on every \$100 spent.